The Honorable

The Secretary of State

Dear Mr. Secretary:

We have carefully considered your memorandum to us enclosing a Plan dated December 3, 1965, for the establishment of a Mational Intelligence Authority. Representatives of the War and Navy Departments have discussed the proposed Plan with your Special Assistant, Mr. McCormack, and have examined certain modifications to the original Plan suggested by him in a memorandum dated December 15, 1965.

We regret that we are unable to accept the Plan proposed by your memorandum, even with the modifications subsequently auggested. In our opinion, it is inadequate in two respects, both of which we consider essential. It fails to provide for a centralized executive organisation responsible only to the National Intelligence Authority and actively assisted by the chief intelligence officials of the three departments. It slee fails to provide for centralized performance of two important operating functions, evaluation on a national level and direction of foreign secret intelligence and counterintelligence, with appropriate dissemination in each case.

As you no doubt know, this subject had previously been theroughly studied by the two services. The Joint Chiefs of Staff, in 25 1181 series, considered the problem at length and in September 1945 approved a proposal (25 1181/5) for a central intelligence organization. In

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jest, recommended the establishment of a central intelligence organisation which closely resembled that proposed by the Joint Chiefe of Staff. A copy of this committee's recommendations, which were approved by the Secretary of War and previously furnished to the State Department, is enclosed for reference (Tab A). The Mavy Department examined the War Department plan and agreed with it in substance, although expressing some reservations on the question of an independent budget for the centralised agency.

We understand that you are of the opinion that the War Department
plan is immivisable in that it proposes the establishment of an independent agency, separate from the three departments. We recognize
the force of the considerations that have led you to this opinion and
are quite proposed to agree that, at the outset, the organization may
be housed for administrative purposes in the State Department, and may
consist of personnel detailed from the three departments. Under that
arrangement, the State Department would furnish necessary administrative services and the chief executive would be, or would become, an
efficial of the State Department. It is possible that the Procident,
in view of his known and soute interest in this subject, may wish
himself to select the chief executive. In that case, if the person
selected should be an Army or Navy officer, he would be made available
by appropriate assignment or detail.

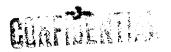


ment of the concept of a central organization with certain operating, as well as coordinating, functions. On the contrary, we propose,
as the best solution of this problem, that the enclosed War Department plan be accepted for submission to the President, with such
modifications as are necessary to provide that the central intelligence agency shall not be an independent agency, but shall be an
organization consisting of personnel contributed by the three departments. This will involve the following principal modifications:

I. The Director should be, or should become, an official of the Department of State, unless the President otherwise determines. He should be appointed by the Authority (unless the President desires to select him), be responsible to the Authority and be removable by majority vote of the Authority and be removable by majority vote of the Authority's members. He should have no other duties or functions in his own department. He should be assisted by deputies from the two other departments.

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2. Other full-time personnel should be detailed to the central intelligence agency by the three departments. They should be responsible to the Director, except for personal administrative matters, and should have no other duties in their departments.



- 3. Administrative services should be provided by the Department of State.
- intelligence agency, and its budget, should be deleted.

 In addition, to conform to your proposal, we would delete the provision that a representative of the Joint Chiefs of Staff be a member of the National Intelligence Authority and would include the following provisions relating to the Intelligence Beards
 - (a) that the members of the Intelligence Board May be represented by deputies;
- (b) that each member should have the functions assigned by
 paragraph 12 of your Plan in addition to the functions
 of the Intelligence Board under the enclosed War Depart-
 - (e) that the chiefs of the intelligence agencies of other departments may sit as members of the intelligence Board, by invitation, on matters of particular interest to their agencies.

We believe that this suggestion will meet your views as to the nature of the proposed eigenization, while at the same time preserving the centralised executive control and the centralised operating functions which the War and Mavy Departments, as well as the Joint Chiefs of Staff, have considered essential.



We hope that you will agree with us that the foregoing proposal should be the one submitted to the Fresident by the three departments in response to his request for our recommendations.

As a possible alternative we are prepared, in the interest of reaching an agreement and getting some form of organisation started, to advise the President that we can accept your Plan with the modifications already proposed by Mr. McGermack and certain further modifications referred to below. In this event, however, we shall feel obliged to advise the President that this alternative is in our opinion smoh less desirable than the one outlined above. The further modifications of your Plan which we consider essential are as follows:

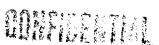
- Inclusion of previsions that the Executive Secretary will be appointed by the Sethority and will be or become an official of the State Department, unless otherwise determined by the President; that the Executive Secretary will have no other duties in his own department, in connection with intelligence ectivities or otherwise; and that all personnel detailed for full-time duty with the National Intelligence Authority, whether as members of the Secretariat or as operating personnel, will be under the supervision of, and responsible to, the Executive Secretary.
- 2. Inclusion of a provision that evaluation and synthesis on a national level, direction of foreign espionage and



counter-explanate, and appropriate dissemination are functions of the Matienel Intelligence Authority, to be conducted under the supervision of the Executive Secretary or an executive responsible to him. This will undoubtedly require elimination of the provision that committees will be the primary means by which the Authority will carry out its mission and modification of the provision making the establishment of such committees mandatory for all subjects.

3. Modification of the provisions dealing with Advisory Groups to provide that there shall be only one such group which shall have generally the composition and functions of the Intelligence Board as outlined in the Mar Mapartment plan. In connection with such modification, there would be no objection by us to including provisions (a) that members may be represented by depution; (b) that each member should have the functions assigned by paragraph 12 of the State Department proposal; and (c) that representatives of other intelligence agencies sit as ad hos members, by invitation, on matters of concern to their agencies.

You will recognise that these multiplicates are designed to correct the features of your Plan that we mentioned at the outset as being, in our opinion, fundamental deficiencies.



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proposals, preferably the first, will prove acceptable to you and that we may accordingly proceed in agreement toward the establishment of the new organisation. In view of the importance of this subject, we hope to be able to discuss it with you, and reach an agreement, before you leave on your forthcoming trip.

Sincerely yours,

/s/ EERSETS C. MOTALL
Acting Socretary of Var

Secretary of the Havy

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2) Extract from War Depterm. Nov. 3, 1945

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The record cupy has been released to National Archives Aunder the HISTORICAL REVIEW PROGRAM.

Date 6/27/91 HAP 89.2. * Subject to DOD concurrence

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